



Department  
of Energy &  
Climate Change

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Dear Green Deal Participants,

On 13 December 2013 we announced some changes to the Green Deal Cashback scheme. I am delighted to be able to provide additional details on what this means for you and customers struggling with rising energy bills.

I can now confirm the extension for cashback applications to 30 June 2014, with installations to be made and **vouchers redeemed** by 30 September 2014.

We are also announcing revised cashback rates which reflect the costs customers incur when installing measures. This will result in higher amounts of Cashback for several measures including:

- Up to £4,000 is now available for solid wall insulation, up from £650.
- Up to £1,000 for anyone needing 'room in roof' insulation, increased from £220.
- Up to £650 for households installing double glazing, from £320.

These new rates will apply to any Cashback application made or redeemed on or after 13 December 2013.

We are also increasing the cashback contribution cap, bringing more households within reach of the maximum cashback rates for each measure. Customers can now get cashback to cover up to two thirds (2/3) of their contribution to the overall cost of the measure, subject to the rates outlined in the attached briefing note.

#### Extending the scheme beyond work completed by Providers

Last year we asked you whether customers should be able to apply for Cashback without having to use a Registered Cashback Provider to arrange the work. Responses to this question varied.

Having considered the responses, we have **decided not to remove this requirement at this stage. Customers must continue to use a Green Deal Provider to arrange the work to be eligible for Cashback.** However, we are working up the detailed design of the new incentives announced in the Autumn Statement. It is our current intention that they will be open more widely, to give householders greater opportunity to access energy efficiency improvements.

#### Insurance backed guarantees

We also asked whether we should remove the requirement within the Cashback Scheme for installations to have an insurance-backed guarantee, when consumers pay for measures through an Energy Plan rather than a Green Deal Plan. The majority of respondents told us removing these requirements (where customers pay for measures up front) would be a welcome change, making it more attractive and less costly for customers who do not want to take out Green Deal Plan to make energy efficiency improvements.

Some respondents advised that consumers should continue to be provided with added protection in the case of cavity and solid wall insulation, where there is greater risk of consequential damage to a property.

**Therefore we will be removing the Guarantee requirements where consumers pay for measures up front, for all measures except for cavity and solid wall insulation.** We would expect Providers to make it clear to affected customers in the case where the proposed work is not subject to such Guarantees.

#### Cashback with ECO and Green Deal Communities

To avoid over subsidy, customers will not be able to claim Cashback for packages of measures that have a contribution from the Green Deal Communities Fund and, from April, ECO.

Further details on all these changes are included in the attached briefing note.

I look forward to continuing to work together.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Gregory Barker', with a stylized, cursive style.

**GREGORY BARKER**

## **Green Deal Cashback changes – a briefing note**

This note confirms the detail of the changes to the Green Deal Cashback Scheme outlined in the letter to you of 18 February.

### **1. Revised rates**

We have revised the rates of Cashback on offer to better reflect the costs that customers incur in installing measures. The revised rates therefore now reflect both the energy saved by the measure and the additional costs to the customer incurred when installing the measure. The new rates are outlined in annex A below.

### **Revised Cashback contribution cap**

We are increasing the Cashback contribution cap from half to two thirds of the customer's contribution to the cost of the measure and its installation, bringing more households within reach of the maximum cashback rates for each measure. Customers can get Cashback to cover up to two thirds of their contribution, subject to the maximum rates outlined above.

For example, an installation of solid wall insulation at a cost to the customer of £6000 will be eligible for Cashback of £4000 (two thirds of £6000).

### **New Cashback rates and Contribution cap will apply to any Cashback application made or redeemed on or after 13 December 2013.**

Customers who have already made an application for Cashback and who can benefit from the revised rates and/ or contribution cap should be advised to contact the Cashback Administrator on 0300 555 0201 for advice. The Administrator will also be contacting affected customers with advice.

Whilst the revised rates and cap will apply to Cashback applications made or redeemed on or after 13 December, these new rates will not be reflected on the Cashback website and vouchers until early March. Customers who wish to apply for or redeem vouchers before early March should contact the Cashback administrator for advice.

Green Deal Providers can help their customers determine whether they would benefit from the new rates and contribution cap before they contact the Administrator. Not all the rates have changed, in particular the rate for new gas boilers remains at £270, therefore the majority of vouchers already issued will not be due an uplift as a result.

### **2. Scheme timings**

We announced on December 13<sup>th</sup> 2013 that the Cashback Scheme will extend until June 2014. We can now confirm that all applications **must** be made by June 30<sup>th</sup> at the latest; all improvements must be made and **vouchers redeemed** by 30<sup>th</sup> September 2014.

### 3. ECO and Green Deal Communities

We intend to revise the eligibility criteria for the Cashback Scheme so that customers will not be able to claim Cashback for packages of measures that have a contribution from Green Deal Communities, and, for applications made from 1 April 2014, ECO. We are considering how best to achieve this.

### 4. Extending the scheme beyond work completed by Providers

Last year we wrote to Green Deal Providers and Green Deal Installers as well as some other interested organisations such as those representing consumers and relevant industry participants and asked whether customers should be able to apply for Cashback without having to use a Registered Cashback Provider to arrange the work. Responses on this question varied.

**We have considered the responses to this question and have decided not to remove this requirement at this stage. Customers must continue to use a Green Deal Provider to arrange the work to be eligible for Cashback.** However, we are working up the detailed design of the new incentives announced in the Autumn Statement, and it is our current intention that they will be open more widely, to give householders greater opportunity to access energy efficiency improvements.

### 5. Insurance backed guarantees

In our letter we also asked whether we should remove the requirement within the Cashback Scheme for installations to have an insurance-backed guarantee, when consumers pay for measures up-front under Cashback.<sup>1</sup>

The majority of respondents told us removing the requirements for guarantees and the insurance backing of those guarantees in the case where customers pay for measures up front would be a welcome change, and make it more attractive and less costly for customers who do not want to take out a Green Deal Plan to make energy efficiency improvements.

Some respondents advised that customers should continue to be provided with added protection in the case of cavity and solid wall insulation, where there is greater risk of consequential damage to a property.

**We have considered responses to this question and decided that we will remove the requirements for Guarantees and Insurance Backing for all measures except for cavity and solid wall insulation.** We would expect Providers to make it clear to affected customers in the case where the proposed work is not subject to such Guarantees.

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<sup>1</sup> That is, the requirement in the Terms and Conditions of the Cashback Scheme relating to Providers (“the Provider Terms and Conditions”) that the functioning of improvements and the repair of any damage to a customer’s property caused by the improvements be guaranteed by the Registered Cashback Provider and insurance or a scheme guarantee obtained by them in respect of the guarantee, when consumers enter into an Energy Plan in respect of the improvements, as opposed to a Green Deal Plan.

We intend to revise the Provider Terms and Conditions to reflect these changes; these will be sent to Registered Cashback Providers in due course, and changed on the Cashback website. We would expect the change to come into effect in early March.

In the case where a Cashback application in respect of improvements installed pursuant to a Green Deal Plan (rather than an Energy Plan), the requirements in the Green Deal Framework Regulations and Code of Practice will still apply.

**We expect that the majority of the changes outlined in this note will be reflected on the Cashback website from early March. In the meantime, you may wish to use the updated [Cashback Quick Guide](#) to help to communicate with customers.**

## Annex A: Revised Cashback Rates

Measure	Proposed NEW Maximum values, £
Solid wall insulation (average internal/external)*	4000
Cavity wall insulation	250
Loft insulation (incl. top up)	150
Upgrade boiler to condensing gas boiler from non-condensing boiler or other	270
Floor insulation	200
Double/triple glazing (old single to A)	£20/m2, up to a maximum of £650
Secondary glazing	£15/m2 up to a maximum of £500
Condensing oil boiler from non-condensing oil heating or other ***	310
Draught proofing	50
Heating controls (roomstat and/or programmer and time/temperature zone controls)**	100
Flat roof insulation	550
Hot water cylinder insulation (incl. top up)**	10
Room in roof insulation	1000
Flue gas heat recovery (condensing combi boiler) (only alongside replacement boiler)	100
New or replacement storage heaters	150
Replacement warm-air unit	320
Waste water heat recovery systems	100
High performance replacement doors	100
<p>* A minimum of 50% of external walls must be insulated to qualify for a Cashback on solid wall insulation.</p> <p>**Cannot be claimed at same time as boiler replacement (as this is a regulatory requirement).</p> <p>***Householders should consider their renewable heat options, as they could get a higher payment under Renewable Heat Premium Payment now, for certain measures.</p>	

*The availability of these rates are subject to the terms and conditions of the Cashback Scheme.*